

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1114

To amend the Food Stamp Act of 1977 to reduce food stamp fraud and improve the food stamp program through the elimination of food stamp coupons and the use of electronic benefits transfer systems, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 2 (legislative day, JULY 10), 1995

Mr. LEAHY introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

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## A BILL

To amend the Food Stamp Act of 1977 to reduce food stamp fraud and improve the food stamp program through the elimination of food stamp coupons and the use of electronic benefits transfer systems, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. SHORT TITLE; REFERENCES.**

4       (a) IN GENERAL.—This Act may be cited as the  
5       “Food Stamp Fraud Reduction Act of 1995”.

6       (b) REFERENCES.—Except as otherwise expressly  
7       provided, wherever in this title an amendment or repeal

1 is expressed in terms of an amendment to, or repeal of,  
2 a section or other provision, the reference shall be consid-  
3 ered to be made to a section or other provision of the Food  
4 Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

5 **SEC. 2. FINDINGS.**

6 Congress finds that—

7 (1) Roger Viadero, Inspector General of the  
8 United States Department of Agriculture (USDA),  
9 testified before Congress on February 1, 1995, that:  
10 “For many years we have supported the implemen-  
11 tation of the Electronic Benefits Transfer, commonly  
12 called EBT, of food stamp benefits as an alternative  
13 to paper coupons. . . . EBT also provides a useful tool  
14 in identifying potential retail store violators. EBT-  
15 generated records have enabled us to better monitor  
16 and analyze sales and benefit activity at authorized  
17 retailers. . . . [I]t can be a powerful weapon to im-  
18 prove detection of trafficking and provide evidence  
19 leading to the prosecution of traffickers.”;

20 (2) Robert Rasor, United States Secret Service,  
21 Special Agent in Charge of Financial Crimes Divi-  
22 sion, testified before Congress on February 1, 1995,  
23 that: “The EBT system is a great advancement gen-  
24 erally because it puts an audit trail relative to the  
25 user and the retail merchant.”;

1           (3) Allan Greenspan, Chairman of the Board of  
2           Governors, Federal Reserve System, has noted the  
3           “importance of EBT for the food stamp program,  
4           and the potential advantages offered by EBT to gov-  
5           ernment benefit program agencies, benefit recipients,  
6           and food retailers. (Indeed, EBT also would help re-  
7           duce costs in the food stamp processing operations  
8           of the Federal Reserve System.)”;

9           (4) the Bush Administration strongly supported  
10          EBT for the food stamp program, including 1 report  
11          that noted “The potential savings are enormous.”;

12          (5) in February 1991, a USDA publication  
13          noted that Secretary Yeutter proposed EBT as an  
14          element of the “Department’s strategy to reduce  
15          food stamp loss, theft, and trafficking.”;

16          (6) in March 1992, USDA noted: “EBT re-  
17          duces program vulnerability to some kinds of benefit  
18          diversion and provides an audit trail that facilitates  
19          efficient investigation and successful prosecution of  
20          fraudulent activity....Benefit diversions estimated  
21          for an EBT system are almost 80 percent less.”;

22          (7) in tests of EBT systems, USDA reported  
23          during the Bush Administration that: “EBT also in-  
24          troduces new security features that reduce the  
25          chance for unauthorized use of one’s benefits as a

1 result of loss or theft. . . . [R]etailer response to ac-  
2 tual EBT operations is very positive in all oper-  
3 ational EBT projects.”;

4 (8) retail stores, the financial services industry,  
5 and the States should take the lead in converting  
6 from food stamp coupons to an electronic benefits  
7 transfer system;

8 (9) in the findings of the report entitled “Mak-  
9 ing Government Work” regarding the electronic ben-  
10 efits transfer of food stamps and other government  
11 benefits, the Office of Technology Assessment found  
12 that—

13 (A) by eliminating cash change and more  
14 readily identifying those who illegally traffic in  
15 benefits, a nationwide electronic benefits trans-  
16 fer system might reduce levels of food stamp  
17 benefit diversion by as much as 80 percent;

18 (B) with use of proper security protections,  
19 electronic benefits transfer is likely to reduce  
20 theft and fraud, as well as reduce errors, paper-  
21 work, delays, and the stigma attached to food  
22 stamp coupons;

23 (C) electronic benefits transfer can yield  
24 significant cost savings to retailers, recipients,

1 financial institutions, and government agencies;  
2 and

3 (D) recipients, retailers, financial institu-  
4 tions, and local program administrators who  
5 have tried electronic benefits transfer prefer  
6 electronic benefits transfer to coupons;

7 (10) the food stamp program prints more than  
8 375,000,000 food stamp booklets per year, including  
9 2,500,000,000 paper coupons;

10 (11) food stamp coupons (except for \$1 cou-  
11 pons) are used once, and each 1 of the over  
12 2,500,000,000 coupons per year is then counted,  
13 canceled, shipped, redeemed through the banking  
14 system by 10,000 commercial banks, 32 local Fed-  
15 eral reserve banks, and the Secretary of the Treas-  
16 ury, stored, and destroyed;

17 (12) food stamp recipients can receive cash  
18 change in food stamp transactions if the cash does  
19 not exceed \$1 per purchase; and

20 (13) the printing, distribution, handling, and  
21 redemption of coupons costs at least \$60,000,000  
22 per year.

23 **SEC. 3. ELIMINATION OF FOOD STAMP COUPONS.**

24 Section 4 (7 U.S.C. 2013) is amended by adding at  
25 the end the following:

1 “(d) ELIMINATION OF FOOD STAMP COUPONS.—

2 “(1) IN GENERAL.—Except as provided in para-  
3 graph (2) and notwithstanding any other provision  
4 of this Act, effective beginning on the date that is  
5 3 years after the date of enactment of this sub-  
6 section, the Secretary shall not provide any food  
7 stamp coupons to a State.

8 “(2) EXCEPTIONS.—

9 “(A) EXTENSION.—Paragraph (1) shall  
10 not apply to the extent that the chief executive  
11 officer of a State determines that an extension  
12 is necessary and so notifies the Secretary in  
13 writing, except that the extension shall not ex-  
14 tend beyond 5 years after the date of enactment  
15 of this subsection.

16 “(B) WAIVER.—In addition to any exten-  
17 sion under subparagraph (A), the Secretary  
18 may grant a waiver to a State to phase-in or  
19 delay implementation of electronic benefits  
20 transfer for good cause shown by the State, ex-  
21 cept that the waiver shall not extend for more  
22 than 6 months.

23 “(C) DISASTER RELIEF.—The Secretary  
24 may provide food stamp coupons for disaster  
25 relief under section 5(h).

1           “(3) EXPIRATION OF FOOD STAMP COUPONS.—  
 2       Any food stamp coupon issued under this Act shall  
 3       expire 6 years after the date of enactment of this  
 4       Act.”.

5   **SEC. 4. IMPLEMENTATION OF ELECTRONIC BENEFITS**  
 6                           **TRANSFER SYSTEMS.**

7       Section 7 (7 U.S.C. 2016) is amended—

8           (1) in subsection (i)—

9                   (A) by striking “(i)(1)(A)” and all that fol-  
 10           lows through the end of paragraph (1) and in-  
 11           serting the following:

12       “(i) PHASE-IN OF EBT SYSTEMS.—

13           “(1) IN GENERAL.—Each State agency is en-  
 14       couraged to implement an on-line or hybrid elec-  
 15       tronic benefits transfer system as soon as practicable  
 16       after the date of enactment of the Food Stamp  
 17       Fraud Reduction Act of 1995, under which house-  
 18       hold benefits determined under section 8(a) are is-  
 19       sued electronically and accessed by household mem-  
 20       bers at the point of sale.”;

21           (B) in paragraph (2)—

22                   (i) by striking “final regulations” and  
 23           all that follows through “the approval of”  
 24           and inserting the following: “regulations  
 25           that establish standards for”;

1 (ii) by striking subparagraph (A); and

2 (iii) by redesignating subparagraphs

3 (B) through (H) as subparagraphs (A)

4 through (G), respectively;

5 (C) in paragraph (3), by striking “the Sec-

6 retary shall not approve such a system unless—

7 ” and inserting “the State agency shall ensure

8 that—”; and

9 (D) by striking paragraphs (5) and (6)

10 and inserting the following:

11 “(5) CHARGING FOR ELECTRONIC BENEFITS

12 TRANSFER CARD REPLACEMENT.—

13 “(A) IN GENERAL.—The Secretary shall

14 reimburse a State agency for the costs of pur-

15 chasing and issuing electronic benefits transfer

16 cards.

17 “(B) REPLACEMENT CARDS.—The Sec-

18 retary may charge a household through allot-

19 ment reduction or otherwise for the cost of re-

20 placing a lost or stolen electronic benefits trans-

21 fer card, unless the card was stolen by force or

22 threat of force.”; and

23 (2) by adding at the end the following:

24 “(j) CONVERSION TO ELECTRONIC BENEFITS

25 TRANSFER SYSTEMS.—



1           “(1) COORDINATION AND LAW ENFORCE-  
2       MENT.—

3           “(A) CONVERSION.—The Secretary shall  
4       coordinate with, and assist, each State agency  
5       in the elimination of the use of food stamp cou-  
6       pons and the conversion to an electronic bene-  
7       fits transfer system.

8           “(B) STANDARD OPERATING RULES.—The  
9       Secretary shall inform each State of the gen-  
10      erally accepted standard operating rules for car-  
11      rying out subparagraph (A), based on—

12           “(i) commercial electronic funds  
13      transfer technology;

14           “(ii) the need to permit interstate op-  
15      eration and law enforcement monitoring;  
16      and

17           “(iii) the need to provide flexibility to  
18      States.

19           “(C) LAW ENFORCEMENT.—The Secretary,  
20      in consultation with the Inspector General of  
21      the United States Department of Agriculture  
22      and the United States Secret Service, shall ad-  
23      vise each State of proper security features, good  
24      management techniques, and methods of deter-

1 ring counterfeiting for carrying out subpara-  
2 graph (A).

3 “(2) VOLUNTARY PURCHASE.—The Secretary  
4 shall encourage any retail food store to voluntarily  
5 purchase a point-of-sale terminal.

6 “(3) PAPER AND OTHER ALTERNATIVE TRANS-  
7 ACTIONS.—Beginning on the date of the implemen-  
8 tation of an electronic benefits transfer system in a  
9 State, the Secretary shall permit the use of paper or  
10 other alternative systems for providing benefits to  
11 food stamp households in States that use special-  
12 need retail food stores.

13 “(4) STATE-PROVIDED EQUIPMENT.—

14 “(A) IN GENERAL.—A retail food store  
15 that does not have point-of-sale electronic bene-  
16 fits transfer equipment, and does not intend to  
17 obtain point-of-sale electronic benefits transfer  
18 equipment in the near future, shall be provided  
19 by a State agency with, or reimbursed for the  
20 costs of purchasing, 1 or more single-function  
21 point-of-sale terminals, which shall be used only  
22 for Federal or State assistance programs.

23 “(B) EQUIPMENT.—

24 “(i) OPERATING PRINCIPLES.—Equip-  
25 ment provided under this paragraph shall

1 be capable of interstate operations and  
2 based on generally accepted commercial  
3 electronic benefits transfer operating prin-  
4 ciples that permit interstate law enforce-  
5 ment monitoring.

6 “(ii) MULTIPLE PROGRAMS.—Equip-  
7 ment provided under this paragraph shall  
8 be capable of providing a recipient with ac-  
9 cess to multiple Federal and State benefit  
10 programs.

11 “(C) VOUCHER BENEFITS TRANSFER  
12 EQUIPMENT.—A special-need retail food store  
13 that does not obtain, and does not intend to ob-  
14 tain in the near future, point-of-sale voucher  
15 benefits transfer equipment capable of taking  
16 an impression of data from an electronic bene-  
17 fits transfer card shall be provided by a State  
18 agency with, or reimbursed for the costs of pur-  
19 chasing, voucher benefits transfer equipment,  
20 which shall be used only for Federal or State  
21 assistance programs.

22 “(D) RETURN OF ELECTRONIC BENEFITS  
23 TRANSFER EQUIPMENT.—A retail food store  
24 may at any time return the equipment to the

1 State and obtain equipment with funds of the  
2 store.

3 “(E) PRIOR SYSTEM.—If a State has im-  
4 plemented an electronic benefits transfer system  
5 prior to the date of enactment of the Food  
6 Stamp Fraud Reduction Act of 1995, the Sec-  
7 retary shall provide assistance to the State to  
8 bring the system into compliance with this Act.

9 “(F) NO CHARGE FOR ASSISTANCE.—Not-  
10 withstanding any other provision of this Act,  
11 the Secretary shall be responsible for all costs  
12 incurred in providing assistance under this  
13 paragraph.

14 “(5) APPLICABLE LAW.—

15 “(A) Disclosures, protections, responsibil-  
16 ities, and remedies established by the Federal  
17 Reserve Board under section 904 of the Elec-  
18 tronic Fund Transfer Act (15 U.S.C. 1693b)  
19 shall not apply to benefits under this Act deliv-  
20 ered through any electronic benefits transfer  
21 system.

22 “(B) Fraud and related activities which  
23 arise in connection with electronic benefit sys-  
24 tems set forth in this Act shall be governed by

1 section 1029, of title 18, United States Code,  
2 and other appropriate laws.

3 “(k) CONVERSION FUND.—

4 “(1) ESTABLISHMENT OF EBT CONVERSION AC-  
5 COUNT.—At the beginning of each fiscal year during  
6 the 10-year period beginning with the first full fiscal  
7 year following the date of enactment of this sub-  
8 section, the Secretary shall place the funds made  
9 available under paragraph (2) into an account, to be  
10 known as the EBT conversion account. Funds in the  
11 account shall remain available until expended.

12 “(2) TRANSACTION FEE.—

13 “(A) IN GENERAL.—During the 10-year  
14 period beginning on the date of enactment of  
15 this subsection, the Secretary shall, to the ex-  
16 tent necessary, impose a transaction fee of not  
17 more than 2 cents for each transaction made at  
18 a retail food store using an electronic benefits  
19 transfer card provided under the food stamp  
20 program, to be taken from the benefits of the  
21 household using the card. The Secretary may  
22 reduce the fee on a household receiving the  
23 maximum benefits available under the program.

24 “(B) FEES LIMITED TO USES.—A fee im-  
25 posed under subparagraph (A) shall be in an

1 amount not greater than is necessary to carry  
2 out the uses of the EBT conversion account in  
3 paragraph (3).

4 “(3) USE OF ACCOUNT.—The Secretary may  
5 use amounts in the EBT conversion account to—

6 “(A) provide funds to a State agency for—

7 “(i) the reasonable cost of purchasing  
8 and installing, or for the cost of reimburs-  
9 ing a retail food store for the cost of pur-  
10 chasing and installing, a single-function,  
11 inexpensive, point-of-sale terminal, to be  
12 used only for Federal or State assistance  
13 programs, under rules and procedures pre-  
14 scribed by the Secretary; or

15 “(ii) the reasonable start-up cost of  
16 installing telephone equipment or connec-  
17 tions for a single-function, point-of-sale  
18 terminal, to be used only for Federal or  
19 State programs, under rules and proce-  
20 dures prescribed by the Secretary;

21 “(B) pay for liabilities assumed by the Sec-  
22 retary under subsection (l);

23 “(C) pay other costs or liabilities related to  
24 the electronic benefits transfer system estab-  
25 lished under this Act that are incurred by the

1 Secretary, a participating State, or a store that  
2 are—

3 “(i) required by this Act; or

4 “(ii) determined appropriate by the  
5 Secretary; or

6 “(D) expand and implement a nationwide  
7 program to monitor compliance with program  
8 rules related to retail food stores and the elec-  
9 tronic delivery of benefits.

10 “(I) LIABILITY OR REPLACEMENTS FOR UNAUTHOR-  
11 IZED USE OF EBT CARDS OR LOST OR STOLEN EBT  
12 CARDS.—

13 “(1) IN GENERAL.—The Secretary shall require  
14 State agencies to advise any household participating  
15 in the food stamp program how to promptly report  
16 a lost, destroyed, damaged, improperly manufac-  
17 tured, dysfunctional, or stolen electronic benefits  
18 transfer card.

19 “(2) REGULATIONS.—The Secretary shall issue  
20 regulations providing that—

21 “(A) a household shall not receive any re-  
22 placement for benefits lost due to the unauthor-  
23 ized use of an electronic benefits transfer card;  
24 and

1           “(B) a household shall not be liable for  
2           any amounts in excess of the benefits available  
3           to the household at the time of a loss or theft  
4           of an electronic benefits transfer card due to  
5           the unauthorized use of the card.

6           “(3) SPECIAL LOSSES.—

7           “(A) Notwithstanding paragraph (2), a  
8           household shall receive a replacement for any  
9           benefits lost if the loss was caused by—

10                   “(i) force or the threat of force;

11                   “(ii) unauthorized use of the card  
12                   after the State agency receives notice that  
13                   the card was lost or stolen; or

14                   “(iii) a system error or malfunction,  
15                   fraud, abuse, negligence, or mistake by the  
16                   service provider, the card issuing agency,  
17                   or the State agency, or an inaccurate exe-  
18                   cution of a transaction by the service pro-  
19                   vider.

20           “(B) With respect to losses described in  
21           clauses A (ii) and (iii) the State shall reimburse  
22           the Secretary.

23           “(m) SPECIAL RULE.—A State agency may require  
24           a household to explain the circumstances regarding each  
25           occasion that—



1           “(1) the household reports a lost or stolen elec-  
2       tronic benefits transfer card; and

3           “(2) the card was used for an unauthorized  
4       transaction.

5       “(n) ESTABLISHMENT.—In carrying out this Act, the  
6       Secretary shall—

7           “(1) take into account the lead role of retail  
8       food stores, financial institutions, and States;

9           “(2) take into account the needs of law enforce-  
10      ment personnel and the need to permit and encour-  
11      age further technological developments and scientific  
12      advances;

13          “(3) ensure that security is protected by appro-  
14      priate means such as requiring that a personal iden-  
15      tification number be issued with each electronic ben-  
16      efits transfer card to help protect the integrity of the  
17      program;

18          “(4) provide for—

19              “(A) recipient protection regarding pri-  
20      vacy, ease of use, and access to and service in  
21      retail food stores;

22              “(B) financial accountability and the capa-  
23      bility of the system to handle interstate oper-  
24      ations and interstate monitoring by law enforce-

1           ment agencies and the Inspector General of the  
2           Department of Agriculture;

3           “(C) rules prohibiting store participation  
4           unless any appropriate equipment necessary to  
5           permit households to purchase food with the  
6           benefits issued under the Food Stamp Act of  
7           1977 is operational and reasonably available;

8           “(D) rules providing for monitoring and  
9           investigation by an authorized law enforcement  
10          agency or the Inspector General of the Depart-  
11          ment of Agriculture; and

12          “(E) rules providing for minimum stand-  
13          ards; and

14          “(5) assign additional employees to investigate  
15          and adequately monitor compliance with program  
16          rules related to electronic benefits transfer systems  
17          and retail food store participation.

18          “(o) REQUESTS FOR STATEMENTS.—

19                 “(1) IN GENERAL.—On the request of a house-  
20          hold receiving electronic benefits transfer, the State,  
21          through a person issuing benefits to the household,  
22          shall provide a statement of electronic benefits  
23          transfer for the month preceding the request.

24                 “(2) STATEMENT ITEMS.—A statement pro-  
25          vided under paragraph (1) shall include—

1           “(A) opening and closing balances for the  
2           account for the statement period;

3           “(B) the date, the amount, and any fee  
4           charged for each transaction; and

5           “(C) an address and phone number that  
6           the household may use to make an inquiry re-  
7           garding the account.

8           “(p) ERRORS.—

9           “(1) IN GENERAL.—Not later than 10 days  
10          after the date a household notifies a State agency of  
11          an alleged error, or the State agency discovers an al-  
12          leged error, the State agency or a person issuing  
13          benefits to the household shall conduct an investiga-  
14          tion of the alleged error.

15          “(2) CORRECTION.—If a State agency or per-  
16          son conducting an investigation under paragraph (1)  
17          determines that an error has been made, any ac-  
18          count affected by the error shall be adjusted to cor-  
19          rect the error not later than 1 day after the deter-  
20          mination.

21          “(3) TEMPORARY CREDIT.—If an investigation  
22          under paragraph (1) of an error does not determine  
23          whether an error has occurred within 10 days after  
24          discovering or being notified of the alleged error, a  
25          household affected by the alleged error shall receive

1 a temporary credit as though the investigation had  
 2 determined that an error was made. The temporary  
 3 credit shall be removed from the account on a deter-  
 4 mination whether the error occurred.

5 “(q) DEFINITIONS.—In this section:

6 “(1) RETAIL FOOD STORE.—The term ‘retail  
 7 food store’ means a retail food store, a farmer’s  
 8 market, or a house-to-house trade route authorized  
 9 to participate in the food stamp program.

10 “(2) SPECIAL-NEED RETAIL FOOD STORE.—The  
 11 term ‘special-need retail food store’ means—

12 “(A) a retail food store located in a very  
 13 rural area;

14 “(B) a retail food store without access to  
 15 electricity or regular telephone service; or

16 “(C) a farmers’ market or house-to-house  
 17 trade route that is authorized to participate in  
 18 the food stamp program.”.

19 **SEC. 5. LEAD ROLE OF INDUSTRY AND STATES.**

20 Section 17 (7 U.S.C. 2026) is amended by adding  
 21 at the end the following:

22 “(m) LEAD ROLE OF INDUSTRY AND STATES.—The  
 23 Secretary shall consult with the Secretary of the Treasury,  
 24 the Secretary of Health and Human Services, the Inspec-  
 25 tor General of the United States Department of Agri-

1 culture, the United States Secret Service, the National  
2 Governor's Association, the American Bankers Association,  
3 tion, the Food Marketing Institute, the National Association  
4 tion of Convenience Stores, the American Public Welfare  
5 Association, the financial services community, State agencies,  
6 cles, and food advocates to obtain information helpful to  
7 retail stores, the financial services industry, and States in  
8 the conversion to electronic benefits transfer, including information  
9 regarding—

10           “(1) the degree to which an electronic benefits  
11       transfer system could be integrated with commercial  
12       networks;

13           “(2) the usefulness of appropriate electronic  
14       benefits transfer security features and local management  
15       controls, including features in an electronic  
16       benefits transfer card to deter counterfeiting of the  
17       card;

18           “(3) the use of laser scanner technology with  
19       electronic benefits transfer technology so that only  
20       eligible food items can be purchased by food stamp  
21       participants in stores that use scanners;

22           “(4) how to maximize technology that uses data  
23       available from an electronic benefits transfer system  
24       to identify fraud and allow law enforcement person-

1       nel to quickly identify or target a suspected or ac-  
2       tual program violator;

3           “(5) means of ensuring the confidentiality of  
4       personal information in electronic benefits transfer  
5       systems and the applicability of section 552a of title  
6       5, United States Code, to electronic benefits transfer  
7       systems;

8           “(6) the best approaches for maximizing the  
9       use of then current point-of-sale terminals and sys-  
10      tems to reduce costs; and

11          “(7) the best approaches for maximizing the  
12      use of electronic benefits transfer systems for mul-  
13      tiple Federal benefit programs so as to achieve the  
14      highest cost savings possible through the implemen-  
15      tation of electronic benefits transfer systems.”.

16   **SEC. 6. CONFORMING AMENDMENTS.**

17      (a) Section 3 (42 U.S.C. 2012) is amended—

18          (1) in subsection (a), by striking “coupons” and  
19      inserting “benefits”;

20          (2) in the first sentence of subsection (c), by  
21      striking “authorization cards” and inserting “allot-  
22      ments”;

23          (3) in subsection (d), by striking “the provi-  
24      sions of this Act” and inserting “sections 5(h) and  
25      7(g)”;

1 (4) in subsection (e)—

2 (A) by striking “Coupon issuer” and in-  
3 serting “Benefit issuer”; and

4 (B) by striking “coupons” and inserting  
5 “benefits”;

6 (5) in the last sentence of subsection (i), by  
7 striking “coupons” and inserting “allotments”; and

8 (6) by adding at the end the following:

9 “(v) ‘Electronic benefits transfer card’ means a card  
10 issued to a household participating in the program that  
11 is used to purchase food.”.

12 (b) Section 4(a) of such Act (7 U.S.C. 2013(a)) is  
13 amended—

14 (1) in the first sentence, by inserting “and the  
15 availability of funds made available under section 7”  
16 after “of this Act”;

17 (2) in the first and second sentences, by strik-  
18 ing “coupons” each place it appears and inserting  
19 “electronic benefits transfer cards or coupons”; and

20 (3) by striking the third sentence and inserting  
21 the following new sentence: “The Secretary, through  
22 the facilities of the Treasury of the United States,  
23 shall reimburse the stores for food purchases made  
24 with electronic benefits transfer cards or coupons  
25 provided under this Act.”.

1 (c) The first sentence of section 6(b)(1) of such Act  
2 (7 U.S.C. 2015(b)(1)) is amended—

3 (1) by striking “coupons or authorization  
4 cards” and inserting “electronic benefits transfer  
5 cards, coupons, or authorization cards”; and

6 (2) in clauses (ii) and (iii), by inserting “or  
7 electronic benefits transfer cards” after “coupons”  
8 each place it appears.

9 (d) Section 7 of such Act (7 U.S.C. 2016) is amend-  
10 ed—

11 (1) by striking the section heading and insert-  
12 ing the following new section heading:

13 “ISSUANCE AND USE OF ELECTRONIC BENEFITS  
14 TRANSFER CARDS OR COUPONS”;

15 (2) in subsection (a), by striking “Coupons”  
16 and all that follows through “necessary, and” and  
17 inserting “Electronic benefits transfer cards or cou-  
18 pons”;

19 (3) in subsection (b), by striking “Coupons”  
20 and inserting “Electronic benefits transfer cards”;

21 (4) in subsection (e), by striking “coupons to  
22 coupon issuers” and inserting “benefits to benefit is-  
23 suers”;

24 (5) in subsection (f)—



1 (A) by striking “issuance of coupons” and  
2 inserting “issuance of electronic benefits trans-  
3 fer cards or coupons”;

4 (B) by striking “coupon issuer” and insert-  
5 ing “electronic benefits transfer or coupon is-  
6 suer”; and

7 (C) by striking “coupons and allotments”  
8 and inserting “electronic benefits transfer  
9 cards, coupons, and allotments”;

10 (6) by striking subsections (g) and (h);

11 (7) by redesignating subsections (i) through (q)  
12 (as added by section 4) as subsections (g) through  
13 (o), respectively; and

14 (8) in subsection (j)(3)(B) (as added by section  
15 4 and redesignated by paragraph (7)), by striking  
16 “(l)” and inserting “(k)”.

17 (e) Section 8(b) of such Act (7 U.S.C. 2017(b)) is  
18 amended by striking “coupons” and inserting “electronic  
19 benefits transfer cards or coupons”.

20 (f) Section 9 of such Act (7 U.S.C. 2018) is amend-  
21 ed—

22 (1) in subsections (a) and (b), by striking “cou-  
23 pons” each place it appears and inserting “coupons,  
24 or accept electronic benefits transfer cards,”; and

1 (2) in subsection (a)(1)(B), by striking “coupon  
2 business” and inserting “electronic benefits transfer  
3 cards and coupon business”.

4 (g) Section 10 of such Act (7 U.S.C. 2019) is amend-  
5 ed—

6 (1) by striking the section heading and insert-  
7 ing the following:

8 “REDEMPTION OF COUPONS OR ELECTRONIC BENEFITS  
9 TRANSFER CARDS”;

10 and

11 (2) in the first sentence—

12 (A) by inserting after “provide for” the  
13 following: “the reimbursement of stores for pro-  
14 gram benefits provided and for”;

15 (B) by inserting after “food coupons” the  
16 following: “or use their members’ electronic  
17 benefits transfer cards”; and

18 (C) by striking the period at the end and  
19 inserting the following: “, unless the center, or-  
20 ganization, institution, shelter, group living ar-  
21 rangement, or establishment is equipped with a  
22 point-of-sale device for the purpose of partici-  
23 pating in the electronic benefits transfer sys-  
24 tem.”.

25 (h) Section 11 of such Act (7 U.S.C. 2020) is amend-  
26 ed—

1 (1) in the first sentence of subsection (a), by  
2 striking “coupons” and inserting “electronic benefits  
3 transfer cards or coupons,”;

4 (2) in subsection (e)—

5 (A) in paragraph (2)—

6 (i) by striking “a coupon allotment”  
7 and inserting “an allotment”; and

8 (ii) by striking “issuing coupons” and  
9 inserting “issuing electronic benefits trans-  
10 fer cards or coupons”;

11 (B) in paragraph (7), by striking “coupon  
12 issuance” and inserting “electronic benefits  
13 transfer card or coupon issuance”;

14 (C) in paragraph (8)(C), by striking “cou-  
15 pons” and inserting “benefits”;

16 (D) in paragraph (9), by striking “cou-  
17 pons” each place it appears and inserting “elec-  
18 tronic benefits transfer cards or coupons”;

19 (E) in paragraph (11), by striking “in the  
20 form of coupons”;

21 (F) in paragraph (16), by striking “cou-  
22 pons” and inserting “electronic benefits trans-  
23 fer card or coupons”;

24 (G) in paragraph (17), by striking “food  
25 stamps” and inserting “benefits”;

1 (H) in paragraph (21), by striking “cou-  
2 pons” and inserting “electronic benefits trans-  
3 fer cards or coupons”;

4 (I) in paragraph (24), by striking “cou-  
5 pons” and inserting “benefits”; and

6 (J) in paragraph (25), by striking “cou-  
7 pons” each place it appears and inserting “elec-  
8 tronic benefits transfer cards or coupons”;

9 (3) in subsection (h), by striking “face value of  
10 any coupon or coupons” and inserting “value of any  
11 benefits”; and

12 (4) in subsection (n)—

13 (A) by striking “both coupons” each place  
14 it appears and inserting “benefits under this  
15 Act”; and

16 (B) by striking “of coupons” and inserting  
17 “of benefits”.

18 (i) Section 12 of such Act (7 U.S.C. 2021) is amend-  
19 ed—

20 (1) in subsection (b)(3), by striking “coupons”  
21 each place it appears and inserting “electronic bene-  
22 fits transfer cards or coupons”;

23 (2) in subsection (d)—

24 (A) in the first sentence—

1 (i) by inserting after “redeem cou-  
2 pons” the following: “and to accept elec-  
3 tronic benefits transfer cards”; and

4 (ii) by striking “value of coupons”  
5 and inserting “value of benefits and cou-  
6 pons”; and

7 (B) in the third sentence, by striking “cou-  
8 pons” each place it appears and inserting “ben-  
9 efits”; and

10 (3) in the first sentence of subsection (f)—

11 (A) by inserting after “to accept and re-  
12 deem food coupons” the following: “electronic  
13 benefits transfer cards, or to accept and redeem  
14 food coupons,”; and

15 (B) by inserting before the period at the  
16 end the following: “or program benefits”.

17 (j) Section 13 of such Act (7 U.S.C. 2022) is amend-  
18 ed by striking “coupons” each place it appears ” and in-  
19 serting “benefits”.

20 (k) Section 15 of such Act (7 U.S.C. 2024) is amend-  
21 ed—

22 (1) in subsection (a), by striking “issuance or  
23 presentment for redemption” and inserting “issu-  
24 ance, presentment for redemption, or use of elec-  
25 tronic benefits transfer cards or”;

1 (2) in the first sentence of subsection (b)(1)—

2 (A) by inserting after “coupons, authoriza-  
3 tion cards,” each place it appears the following:  
4 “electronic benefits transfer cards,”; and

5 (B) by striking “coupons or authorization  
6 cards” each place it appears and inserting the  
7 following: “coupons, authorization cards, or  
8 electronic benefits transfer cards”;

9 (3) in the first sentence of subsection (c)—

10 (A) by striking “coupons” and inserting “a  
11 coupon or an electronic benefits transfer card”;  
12 and

13 (B) by striking “such coupons are” and in-  
14 serting “the payment or redemption is”;

15 (4) in subsection (d), by striking “Coupons”  
16 and inserting “Benefits”;

17 (5) in subsection (e), by inserting “or electronic  
18 benefits transfer card” after “coupon”;

19 (6) in subsection (f), by inserting “or electronic  
20 benefits transfer card” after “coupon”;

21 (7) in the first sentence of subsection (g), by in-  
22 serting after “coupons, authorization cards,” the fol-  
23 lowing: “electronic benefits transfer cards,”; and

24 (8) by adding at the end the following:

1       “(h) GOVERNING LAW.—Fraud and related activities  
2 related to electronic benefits transfer shall be governed by  
3 section 1029 of title 18, United States Code.”.

4       (l) Section 16 (7 U.S.C. 2025) is amended—

5           (1) in subsection (a)—

6               (A) in paragraph (2), by inserting “or elec-  
7 tronic benefits transfer cards” after “coupons”;  
8 and

9               (B) in paragraph (3), by inserting after  
10 “households” the following: “, including the  
11 cost of providing equipment necessary for retail  
12 food stores to participate in an electronic bene-  
13 fits transfer system”;

14           (2) by striking subsection (d);

15           (3) by redesignating subsections (e) through (j)  
16 as subsections (d) through (i), respectively;

17           (4) in subsection (g)(5) (as redesignated by  
18 paragraph (3))—

19               (A) in subparagraph (A), by striking  
20 “(A)”; and

21               (B) by striking subparagraph (B);

22           (5) in subsection (h) (as redesignated by para-  
23 graph (3)), by striking paragraph (3); and

24           (6) by striking subsection (i) (as redesignated  
25 by paragraph (3)).

1 (m) Section 17 of such Act (7 U.S.C. 2026) is  
2 amended—

3 (1) in the last sentence of subsection (a)(2), by  
4 striking “coupon” and inserting “benefit”;

5 (2) in subsection (b)(2), by striking the last  
6 sentence;

7 (3) in subsection (c), by striking the last sen-  
8 tence;

9 (4) in subsection (d)(1)(B), by striking “cou-  
10 pons” each place it appears and inserting “benefits”;

11 (5) in subsection (e), by striking the last sen-  
12 tence;

13 (6) by striking subsection (f); and

14 (7) by redesignating subsections (g) through (k)  
15 as subsections (f) through (j), respectively.

16 (n) Section 21 of such Act (7 U.S.C. 2030) is amend-  
17 ed—

18 (1) by striking “coupons” each place it appears  
19 (other than in subsections (b)(2)(A)(ii) and (d)) and  
20 inserting “benefits”;

21 (2) in subsection (b)(2)(A)(ii), by striking “cou-  
22 pons” and inserting “electronic benefits transfer  
23 cards or coupons”; and

24 (3) in subsection (d)—



1 (A) in paragraph (2), by striking “Cou-  
 2 pons” and inserting “Benefits”; and

3 (B) in paragraph (3), by striking “in food  
 4 coupons”.

5 (o) Section 22 of such Act (7 U.S.C. 2031) is amend-  
 6 ed—

7 (1) in subsection (b)—

8 (A) in paragraph (3)(D)—

9 (i) in clause (ii), by striking “cou-  
 10 pons” and inserting “benefits”; and

11 (ii) in clause (iii), by striking “cou-  
 12 pons” and inserting “electronic benefits  
 13 transfer benefits”;

14 (B) in paragraph (9), by striking “cou-  
 15 pons” and inserting “benefits”; and

16 (C) in paragraph (10)(B)—

17 (i) in the second sentence of clause  
 18 (i), by striking “Food coupons” and insert-  
 19 ing “Program benefits”; and

20 (ii) in clause (ii)—

21 (I) in the second sentence, by  
 22 striking “Food coupons” and insert-  
 23 ing “Benefits”; and

1 (II) in the third sentence, by  
 2 striking “food coupons” each place it  
 3 appears and inserting “benefits”;

4 (2) in subsection (d), by striking “coupons”  
 5 each place it appears and inserting “benefits”;

6 (3) in subsection (g)(1)(A), by striking “cou-  
 7 pon”; and

8 (4) in subsection (h), by striking “food cou-  
 9 pons” and inserting “benefits”.

10 (p) Section 1956(c)(7)(D) of title 18, United States  
 11 Code, is amended by inserting “electronic benefits transfer  
 12 cards or” before “coupons having”.

13 (q) This section and the amendments made by this  
 14 section shall become effective on the date that the Sec-  
 15 retary of Agriculture implements an electronic benefits  
 16 transfer system in accordance with section 7 of the Food  
 17 Stamp Act of 1977 (7 U.S.C. 2016) (as amended by this  
 18 Act).

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S 1114 IS—2

S 1114 IS—3